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Cayman Islands

Working paper prepared by the Secretariat

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I. General

1. The Cayman Islands[1] is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Territory is located some 180 miles west of Jamaica and about the same distance south of Cuba. It comprises three islands: Grand Cayman (76 square miles), Cayman Brac (15 square miles) and the adjacent and largely undeveloped Little Cayman (11 square miles). The capital, George Town, is located in Grand Cayman.

2. According to the Economics and Statistics Office of the Cayman Islands, the population of the Territory in 2006 was estimated at 51,992, a large increase from the 36,340 registered in 2004. The population increase is a result of the expansion in the labour force required by recovery efforts in the wake of Hurricane Ivan, which struck the islands in September 2004. In 2006, the population was 61 per cent Caymanian and 39 per cent non-Caymanian.[2]

3. The British Overseas Territories Act, which came into force in 2002 (A/AC.109/2002/2/Add.1), grants the right to full British citizenship to all inhabitants of the Territories and formally abolished the term "colony" and "dependent territory" in favour of "Overseas Territories". That law allows Cayman Islanders to hold British passports and work anywhere in the European Union.

II. Constitutional, legal and political issues

4. The Cayman Islands Constitution of 1959 was revised in 1972, 1992 and 1994. Under the Constitution, the Governor, who is appointed for four years by the British monarch, is responsible for external affairs, defence, internal security and the public service. The Constitutional Modernization Review Commission, appointed by the Governor in 2001, has made recommendations on changes in the Territory's political structure. Following the recommendations, the Executive Council has become the Cabinet, headed by the Governor, and both a Leader of Government Business heading the territorial Government and a Leader of the Opposition in the Legislative Assembly have been officially appointed.[3] The Cabinet is responsible for the administration of government. The Governor is the Chairman of the Cabinet, which comprises three members appointed by the Governor (Chief Secretary, Financial Secretary and Attorney General) and five members elected by the Legislative Assembly.

5. The Legislative Assembly comprises three official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Since 1991, a Speaker is elected to preside over the Assembly. A proposal to allow the Legislative Assembly to function autonomously was put forward as a government motion on 6 November 2006 by the Chief Secretary, who reportedly stated that administrative autonomy of the Legislative Assembly was "long overdue". The new legislation would mean greater parliamentary independence, as

[1] The information contained in the present paper has been derived from published sources, including those of the territorial Government; and from information transmitted to the Secretary-General by the administering Power under Article 73 e of the Charter of the United Nations.

[2] See 2006 Labour Force Survey on the Cayman Islands Economics and Statistics Office website at www.eso.ky.

[3] See the Cayman Islands Government website at www.gov.ky.

parliamentary matters would be governed through a specially composed management commission. At present, all parliamentary matters go through the Cabinet.[4]

6. The judicial system is based on British common law, certain British statutes and local statute law. There is the Grand Court, with Supreme Court status, and the Summary Court, which includes criminal, civil, family, youth and coroner's court. Appeals lie with the Court of Appeal of the Cayman Islands and, beyond that, with the Privy Council in London.

7. The current Governor, Stuart Jack, arrived in the Cayman Islands on 23 November 2005, replacing Bruce Dinwiddy, who retired on 28 October 2005.[3] Prior to this appointment, Mr. Jack headed a team in the Cabinet Office of the United Kingdom.

8. As reported in the previous working paper (A/AC.109/2006/16, paras. 9-13), until 2000 there were no formal political parties in the Territory and loose groupings known as National Team, Democratic Alliance and Team Cayman acted as political organizations. Following the defeat of the National Team in the general elections held in 2000, a majority of the Legislative Assembly members formed a political party, the United Democratic Party (UDP), on 5 November 2001. The opposition formed a second party, the People's Progressive Movement (PPM), in 2002. Both main parties support greater autonomy over domestic issues than is currently enjoyed, and PPM has promised a referendum to decide the future constitutional status of the islands. In February 2005, the People's Democratic Alliance (PDA) was formed.

9. A general election was held on 11 May 2005. PPM won an unprecedented landslide victory over the incumbent UDP, winning 9 of the 15 seats in the Legislative Assembly.[5] UDP won five seats, and the newly formed PDA secured one seat. As a result, Kurt Tibbetts of PPM replaced McKeeva Bush of UDP as Leader of Government Business. The next general election is due to be held in 2009.

10. As previously reported,[5] progress in constitutional reforms was slow in 2005, though the Leader of Government Business announced the readiness of the Territory to resume discussions with the United Kingdom.[6] Formal talks between the Government and the United Kingdom recommenced in March 2006. A delegation from the British Foreign and Commonwealth Office made an exploratory visit to the Territory and suggested multiple changes to the 2003 draft Constitution, particularly to the section on the bill of rights. Mr. Tibbetts reiterated his support for a modernization process beginning with public consultations, to be followed by formal negotiations and ultimately a referendum.[7]

11. In his Throne speech,[8] the Governor of the Territory referred to the recent resumption of contacts with the United Kingdom on modernizing the Constitution. It was considered vital that, in that process, the people of the Cayman Islands were properly consulted, including possibly through referendum mechanisms. The Governor commended the territorial Government's measures directed at

[4] See Cayman Net News, 9 November 2006 at www.caymannetnews.com.

[5] See www.caymannetnews.com, 12 May 2005.

[6] See press release, 25 October 2005, at www.gov.ky.

[7] See Caymanian Compass, 26 March 2006, at www.caycompass.com. See also www.gov.ky.

[8] Throne speech delivered by Governor Stuart Jack on Friday, 28 April 2006.

strengthening public participation in the democratic process and in seeking to foster greater openness and transparency, such as the plan to introduce a freedom of information act. He saw human rights as moving properly into the mainstream of government and society.

12. In August 2006, the Leader of Government Business promised that a new constitution would be in place before the next general elections.[9] In February 2007, he announced the establishment of a new secretariat to make a fresh start for the constitutional review process in the Cayman Islands. The Constitutional Review Secretariat is expected to begin its work in March 2007.[10]

III. Budget

13. In his Government Overview speech,[11] the Leader of Government Business announced that the Government had embarked on a CI$ 332.2 million capital development programme for the next three financial years, to be funded by a combination of borrowing and cash generated by operating surpluses. The estimated capital expenditure for the financial year 2007/08 is CI$ 144.4 million, leaving a predicted operating surplus of CI$ 19.6 million.

14. According to the administering Power, the Government's fiscal balance improved during the period 2004/05. A surplus of CI$ 89.2 million or 4.6 per cent of GDP was recorded in 2005, in comparison to a deficit of CI$ 13.2 million in 2004. Consequently, the overall deficit declined from CI$ 41.7 million in 2004 to CI$ 1.7 million in 2005. The Government's accumulated debt stood at CI$ 172.9 million as at 2005 (9 per cent of GDP) and was 19 per cent greater than the balance of 2004.[12]

15. Under the ongoing three-stage public management reform process, the entry into force of the new Public Service Management Law and Regulations was postponed from 1 July 2006 until 1 January 2007 to allow for more consultations. The law constitutes the second stage of reform efforts, after the Public Management and Finance Law of 2001. In the future, a public authorities law will provide for the third segment of the reform exercise. All of the approximately 3,500 civil servants are affected by the reform process, which aims at decentralizing personnel management decisions and allows for performance-based assessments and incentives.[13]

IV. Economic conditions

A. General

16. The Cayman Islands has one of the highest standards of living in the Caribbean. According to the Cayman Islands Country Profile of 18 January 2007 of

[9] Economist Intelligence Unit, 29 September 2006 at www.viewswire.com.

[10] See www.caribbeannetnews.com, 20 February 2007.

[11] Government Overview Speech delivered by Leader of Government Business Kurt Tibbetts on 18 January 2007; see www.gov.ky.

[12] Information transmitted by the administering Power, 15 January 2007; see also www.eso.ky.

[13] See also www.caycompass.com.

the United Kingdom Foreign and Commonwealth Office, per capita GDP is US$ 39,801. The economy is based on tourism and on the islands' status since 1966 as an international offshore finance centre. The principal sources of government revenue are import duties, company, bank and trust licence fees, and stamp duties. There is no income tax, company tax or excise duty. Although imports outstrip exports by about 100 to 1, the trade gap is more than offset by earnings from the tourism and financial services sectors. The Cayman Islands' major trading partners are the United States of America, the United Kingdom and the Caribbean Community.[14]

17. Indicators for the first half of 2006 suggest that the Cayman Islands economy is on a growth path to achieving real GDP growth of over 4 per cent. The unemployment rate fell in 2006 to 2.6 per cent from 3.5 per cent in 2005.[15] Total imports grew by 36.4 per cent to CI$ 990.4 million in 2005, reflecting the demand for goods for reconstruction. Capital goods rose by 73.8 per cent, while intermediate goods, including construction materials, grew by 32.4 per cent. Imports of consumption goods increased by 19.3 per cent.[12] Work permits increased by 10.9 per cent, while the value of building permits jumped by 74.6 per cent. Inflation for the first half of 2006 averaged –0.5 per cent owing to the decline in housing costs.[16]

18. By the end of 2006, cost-of-living issues such as inflation had been acknowledged by the Government. On 12 January 2007, the Government announced an initiative to address those issues, initially with the collection of relevant information.[17]

B. Agriculture, fisheries and the environment

19. Agricultural activities, although limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past five or six years, with 10 large farms totalling over 100 acres. Agricultural products include bananas, tomatoes, lettuce, honey, mangoes, citrus fruits, various vegetables and coconuts. Livestock rearing consists of beef cattle, poultry and pigs. Agriculture constitutes approximately 1.4 per cent of total GDP.[18]

20. In March 2006, the Department of Environment launched the Cayman Islands Darwin Project, funded with a grant of US$ 350,000 from the Darwin Initiative. The study project has three main components: the creation of habitat maps for the marine and terrestrial environments using a combination of remote sensing and biological survey techniques; the development of a biodiversity action plan for the Cayman Islands, outlining a specific set of actions that need to be taken to preserve the diversity of life on the islands; and the provision of public education and outreach.[19]

21. On 21 June 2006, samples taken on 19 June from plants in George Town were confirmed by the Florida Department of Agriculture to be the pink hibiscus mealy

[14] See the Foreign and Commonwealth Office website at www.fco.uk.
[15] See the 2006 Labour Force Survey at www.eso.ky.
[16] See the Economic and Statistics Office's semi-annual report for 2006 at www.eso.ky.
[17] See www.caymannetnews.com, 17 January 2007.
[18] See CIA World Factbook at www.cia.gov/cia/publications/factbook/index.html.
[19] Information transmitted by the administering Power, 15 January 2007.

bug (*Maconellicoccus hirsutus*). For 12 years, the Cayman Islands Department of Agriculture had monitored its spread throughout the region, and worked to keep it from spreading to the Cayman Islands. Once its presence was confirmed, the Department launched its plan to combat the pest including a public awareness and education campaign that featured a hotline, brochures and televised announcements and outreach to industry partners, such as farmers, landscapers, garden maintenance companies and nurseries. During the early days of the infestation, Department staff cut, bagged and incinerated portions of the most heavily infested plants. By mid-July, biocontrol insects, the natural enemies of the mealy bug, such as certain species of wasps and ladybirds, were released. By the end of 2006, the wasps and ladybirds appear to have had the upper hand, while the Department continued to monitor closely the situation.[19]

22. Amendments to the National Marine Conservation Law were passed in January 2007 to regulate water sports activities involving the interaction of divers and snorkellers with marine life.[11] The bill designates the popular tourist attractions of Sandbar and Stingray City as Wildlife Interaction Zones. It also empowers fisheries officers to enforce control measures.

C. Tourism

23. The tourism sector accounts for approximately half of the GDP of the Cayman Islands and one third of employment in the Territory (see A/AC.109/2006/16). Air arrivals rose by 59.3 per cent to a total of 267,257 visitors in 2006, compared to 167,801 in 2005. The increase has begun to reverse the decline caused by Hurricane Ivan, though total air arrivals have still not returned to the pre-hurricane level of 293,517 in 2003.

24. According to the Minister of Tourism, Charles Clifford, the cruise industry has fully recovered from the impact of Hurricane Ivan. In 2006, cruise passengers numbered 1.9 million, reflecting a 7.3 per cent increase with respect to 2005 and exceeding the 2003 total of 1.8 million.[20]

25. In 2006, the Government launched a "Go East" campaign aimed at attracting more visitors to the eastern districts of Grand Cayman and developing more tourism-related business opportunities for residents, including in connection with historic sites such as Pedro St. James and Mission House in Bodden Town. The Ministry of Tourism established a business development committee, a special cross-agency incentives committee that will determine ways in which the Government can support and promote community-based tourism businesses in the eastern districts. In addition, the committee, together with working groups of community leaders serving on independent district committees, will make an inventory of existing businesses and meet with entrepreneurs to identify what assistance they need and help ensure that they are able to pursue the opportunities that are expected to arise through the initiative.[19]

26. In the western part of Grand Cayman, Boatswain Beach is evolving into a major tourist attraction, featuring a 1.3 million gallon snorkel lagoon; a freshwater theme pool; a predator tank; an education centre; a free-flight aviary; an iguana exhibit; tidal pools; 18 independently operated retail kiosks; a historic Cayman

[20] See www.caycompass.com, 24 January 2007.

street with local artisans; a number of food and beverage outlets; a nature trail; and a turtle farm. The damage suffered from two successive seasons of intense hurricanes, including Hurricane Ivan, pushed the project past its January 2006 opening date and increased its costs. Hurricane Ivan in particular increased the cost of raw materials, slowed shipments and the delivery of materials, and restricted the supply of both skilled and unskilled labour. The area is expected to attract some 495,000 visitors per year, mostly cruise-ship passengers.[19]

D. Financial services

27. The financial sector is one of the pillars of the Cayman Islands economy, and the Islands remain among the top international financial centres in the world.

28. According to the *2005 Annual Economic Report* of 27 September 2006[12] published by the Economic and Statistics Office, the Cayman Islands financial services sector continued to perform well during 2005. Increases were seen in insurance company licences (5 per cent), mutual funds (19.8 per cent), stock exchange listings (18 per cent) and stock exchange capitalization (41 per cent), as well as in new company registrations (14.8 per cent). The only exception was bank and trust licences, which declined by 5.3 per cent in 2005, owing to continued consolidation within the banking industry.[12] This positive trend continued in the first half of 2006; for instance, mutual fund registrations increased by 20.6 per cent. Hedge funds domiciled in the Cayman Islands passed the 8,000 mark in 2006.[21]

29. Changes to the Mutual Funds Law were enacted to improve certain aspects of business dealings for outside investors, including the introduction of innovative and market-leading electronic audit and electronic reporting procedures.[22]

30. With regard to the regulatory environment, the Chairman of the Cayman Islands Monetary Authority stated in 2006 that the principal international challenge for the Cayman Islands continued to be its engagement with standard setters and regulators to ensure that the legal and regulatory regime in the Cayman Islands was properly understood, recognized and accepted. Locally, the challenge was to set the legal and regulatory regime at the appropriate level.[23]

31. Compliance by the Cayman Islands with the European Union savings tax directive, which came into force in July 2005 (see A/AC.109/2006/16), has provided unexpected benefits for the Territory's fund industry. The vast majority of Cayman Islands funds were not negatively affected by the directive, and the jurisdiction has started to attract funds previously domiciled elsewhere because of the tax certainty provided by compliance with the European Union.[24]

[21] See www.prnewswire.com, 4 January 2007.
[22] See www.caribbeannetnews.com, 5 January 2007.
[23] See www.caymanfinances.com, 5 June 2006.
[24] See www.caymanfinances.com, 20 January 2006.

E. Infrastructure, construction and transport

32. A three-year capital development programme was initiated in 2007 (see para. 13 above). Highlights include the improvement of existing school facilities and the construction of three new high schools, the creation of a long-range transportation plan, investment in law enforcement facilities and a new government building.[11]

33. According to the aforementioned *2005 Annual Economic Report*, in the construction sector the value of building permits more than doubled, from CI$ 142 million in 2004 to CI$ 336.8 million in 2005, while the total value of planning approvals had for the first time exceeded the CI$ 550 million mark. In real estate, the total value of property transfers grew by 32.9 per cent, from CI$ 339.2 million in 2004 to CI$ 450.8 million in 2005, a result of a 32.2 per cent increase in the volume of transfers and a 5.3 per cent growth in the average value. In 2005, the latter reached CI$ 186,744.[12]

34. The road network of the Cayman Islands comprises approximately 785 km of roadways. The network has suffered extensive damage due to the severe hurricane seasons. In some areas along the coast, entire sectors of the road were washed away by storms.

35. International air services are provided between Grand Cayman and the United States, Canada, Europe, Jamaica, Honduras and Cuba through more than 108 flights per week. Major United States and British airlines operate regularly to and from the Territory, while domestic airline services and charters operate between the three islands.

36. The port of George Town is the main gateway for cruise ships carrying tourists to the Islands. The Cayman Islands are served by scheduled passenger liners and a number of locally owned or registered vessels that provide cargo services between the Cayman Islands and Miami, Tampa and Jamaica.

F. Telecommunications and utilities

37. As a leading international business centre, the Territory is dependent on telecommunications and utility services. According to the aforementioned *2005 Annual Economic Report*, the telecommunications sector had another strong performance during the fiscal year 2005/06. The total number of lines at the end of the year (110,656, or 2.11 lines per resident) reflected an increase of 14.9 per cent. Utilities consumption increased. Water usage expanded by 3.9 per cent, to 1,301.7 million gallons, while electricity consumption rose by 12.9 per cent to 427.7 megawatts per hour.[12]

V. Social conditions

A. Human rights

38. The Territory is subject to several major human rights conventions to which the administering Power has acceded, including the European Convention on Human Rights. The Cayman Islands is the only United Kingdom Territory without a

bill of rights. The 2003 draft Constitution includes provisions for a bill of rights, which was reviewed by the United Kingdom Government in March 2006 (see section II above). In a document presented to the Territorial Government, the United Kingdom Constitution Review Team recommended a strengthening of the provisions on individual rights so that they reflect more accurately key international human rights agreements that extend to the Cayman Islands. In its view, the agreements, which include the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the European Convention on Human Rights, were especially relevant because the Cayman Islands recently chose to accept indefinitely the right of individual petition to the European Court of Human Rights.[25]

39. With regard to international human rights instruments, all those extended to the Cayman Islands, including the Convention on the Rights of the Child, are being dealt with by the Cayman Islands Human Rights Committee. During the period 2006/07, the focus of the Human Rights Committee will be on better public awareness, investigation of individual cases and advice to government entities.[8]

40. In an effort to give effect to constitutional democracy by ensuring government accountability, transparency and public participation in national decision-making, the Government began to promote freedom of information legislation that would give members of the public access to official records. The process began in October 2005 when the Cabinet approved a bill for a law to give the public a general right of access to official documents, which was subsequently tabled as a discussion paper during the November sitting of the Legislative Assembly, followed by public consultation, a workshop for civil servants and further legislative review in 2006.[19] In that connection, the Cayman Islands participated in the workshop on freedom of information implementation in the Caribbean i. ld in Roseau from 27 November to 1 December 2006.[26] The Cayman Islands Legislative Drafting Department is currently revising the draft freedom of information bill for submission to the Cabinet and onwards to the Legislative Assembly by the end of March 2007 for debate and approval in the House.[27]

B. Labour and immigration

41. According to the survey covering the first half of 2006, the labour force of the Territory comprised 35,959 people, reflecting a recovery from the recent decline attributed to Hurricane Ivan. The number of working Caymanians was 18,303, while the number of non-Caymanians in the workforce was 17,656. The unemployment rate was 2.6 per cent, compared with 3.5 per cent in 2005.[2]

42. During the biennium 2006-2007, the Department of Employment Relations will undergo a technical review and its services will be upgraded in order to provide higher levels of proactive services to clients. A major focus for the Department will be occupational health and safety in all industries. For its part, the National Pensions Office will consult with the private sector with a view to amending existing legislation to provide for registration of offshore pensions.[8]

[25] See www.caycompass.com, 26 March 2006.
[26] See www.caribbeannetnews.com, 27 November 2006.
[27] See www.caribbeannetnews.com, 19 January 2007.

43. A new immigration law took effect in 2004 limiting foreign workers in the Territory to a stay of between six months and seven years, depending on the category of employment. The new law affected a large portion of the Caymanian workforce, as more than 50 per cent of workers are work-permit holders.[28] In September 2005, the Government of the Cayman Islands therefore decided to review certain provisions of the law related to work permits and the subsequent granting of permanent residence.[29] As at October 2006, that review was ongoing, as was opposition to the law among non-Caymanians. Some expatriates have called for the scrapping of the Term Limit Policy, also called the "rollover law", which was introduced in 2004.

44. A government-appointed committee has been reviewing the law to make it more "user-friendly" and to "iron out" anomalies in it, according to the Chairman of the Work Permits Board.

45. Amendments revising the Cayman Islands Immigration Law (2006 revision) have come into force, following the passage of the Immigration (Amendment) (No. 2) Bill, 2006, in the House in December and the Governor's assent. It was published in the Official Gazette on 21 December 2006. The 59-page law contains a number of changes to the existing 2003 Immigration Law, covering, inter alia, work-permit term limits, permanent residency, a new category of key employees and the prerogative of the Chief Immigration Officer to grant Caymanian status to certain categories of applicants. A number of amendments to the draft bill tabled on 13 September in the House resulted from public input to the discussion draft.

C. Education, culture and social affairs

46. Education is compulsory for all resident children who are between 4 years, 9 months, and 16 years of age. The public education system caters to about two thirds of Caymanian children, with the remainder attending fee-paying schools. The Government operates six primary schools, one middle school, two high schools and one alternative education centre on Grand Cayman, as well as three primary schools and one high school, which incorporates the middle school, on Cayman Brac. Tuition is free for Caymanians at those schools, but an annual book rental fee is charged. In addition, 10 private schools provide primary and/or secondary education. All private schools are monitored by the Education Department and receive grants from the Government. Two public institutions and one private school provide tertiary education. The Community College of the Cayman Islands is owned by the Government but is independently administered. The Cayman Islands Law School is also Government-owned, whereas the College of the Cayman Islands is private.

47. In November 2006, the Overseas Territories Minister announced that citizens from the Overseas Territories would benefit in 2007 from the home student fee rate at English universities.

48. In his Throne speech on 28 April 2006, the Governor stated that, following the comprehensive review by the National Education Conference and the unanimous approval of the legislature in 2005, the Ministry of Education was actively engaged

[28] See www.caymannetnews.com, 13 April 2005.

[29] See www.caymannetnews.com, 16 September 2005.

in the implementation of all strategies identified at the Conference, such as strengthening literacy, constructing new schools and creating innovative learning communities.

49. The governor also stated that, while focusing on traditional Caymanian culture, the Government would continue to support the work of the Cayman National Cultural Foundation and the National Gallery of the Cayman Islands. Support will also be given to the National Museum, which will aim to portray fully the impact of the diverse influences on the evolution of the Cayman Islands.[8]

50. The Department of Children and Family Services launched the National Parenting Programme in 2004, to provide parents with support, guidance and encouragement to develop positive and effective relationships with their children. The programme also encourages parents to be more accountable and responsible in their roles. Throughout 2005, programme staff held district meetings and developed links with various groups, including teenage mothers, parent-teacher associations, the Departments of Education, Youth and Sports, and Health Services, the Royal Cayman Islands Police Service, Government Information Services, the National Youth Commission, the National Drug Council and other stakeholders. District committees developed their own ways of bringing the message to the attention of parents; for example, the West Bay Committee canvassed door-to-door, providing information on nutrition and inviting parents to attend a workshop on managing the family budget. The Bodden Town Committee held informal backyard meetings.[19]

D. Public health

51. The Health Services Authority is responsible for the provision of all government health care, including public health services. In addition to general medical care, a wide range of specialist services are available locally. According to the administering Power, contraceptive services are provided free of charge, in addition to free antenatal service, which is already being provided for all residents irrespective of nationality. The Health Practitioners Board has responsibility for the registration of private practitioners. There is a 124-bed hospital in George Town, which includes a state-of-the-art, fully staffed accident and emergency room. There is also an 18-bed hospital on Cayman Brac and several district health centres and clinics. In 2000, there were 84 registered doctors and 14 dentists in the Territory. Health insurance is compulsory in the Cayman Islands.

52. According to the administering Power, a research programme launched in the fiscal year 2005/06 by the Health Services Authority was part of a long-term strategy to improve health care in the islands. An initial survey of the population will develop a Cayman Islands national health registry and provide a statistical baseline. This is expected to be used to improve the efficiency of health-care management by targeting risk groups. Moreover, a survey conducted annually will monitor disease trends and risk factors over time.[19]

E. Crime and public safety

53. Against a backdrop of growing crime and various problems with effective policing, in October 2005 a new police commissioner took office, pledging to build

trust and confidence in the Royal Cayman Islands Police Service through community-based policing while simultaneously targeting criminal elements.

54. During the biennium 2005-2006, a team of hand-picked specialist police officers from the United Kingdom joined the service; public meetings were held in all districts; roadblocks became a regular weekend feature to deter drunk driving; and programmes targeting illegal activity were started. For instance, "Operation Relentless" is aimed at arresting individuals involved in crime, targeting and disrupting organized and gang-related criminal activity, reducing crime and the fear of crime, and deterring potential criminals. Attention is also focused on illegal drug activities. In July 2006, the police reported a reduction of almost 16 per cent in serious crimes during the first six months of the year compared with the same period in 2005.[19] The positive trend in crime reduction continued throughout the year.[30]

55. According to the Leader of Government Business, the recently initiated capital development programme would invest in law and order and security development, including a fire station and police station in Bodden Town and the construction of a new court house.[11]

56. According to the Economic Crime Survey 2006 issued by the Cayman Islands Chamber of Commerce, Cayman-based companies lost CI$ 20 million because of economic crime and spent another CI$ 40 million to prevent such crimes.[31]

57. For the applicability of the United Nations Convention Against Corruption, see section VI below.

F. Disaster preparedness

58. As mentioned in the previous working paper (A/AC.109/2006/16, para. 56), Hurricane Ivan, which struck in 2004, was one of the worst ever natural disasters for the Cayman Islands, changing the way Cayman government agencies prepare for natural disasters. For instance, in January 2007, the Government launched a new agency, Hazard Management Cayman Islands, to help residents prepare for and recover from a variety of disasters. The agency is responsible for formulating plans to respond to natural or man-made disasters, ranging from the annual threat of hurricanes to oil spills and terrorism.[32]

59. In 2007, the Meteorological Office, the Lands and Survey Department and the National Hurricane Committee will begin using a new storm surge model called the Arbiter of Storm (TAOS). The model was presented by the developers from the Caribbean Institute for Meteorology and Hydrology in Barbados. In the Caribbean region, loss of life due to hurricanes has decreased while loss of property has increased, owing to the acceleration witnessed in property development in coastal zones. Given that tourism is a major industry for the Cayman Islands, however, coastal construction will continue.[19]

60. Moreover, the installation of off-site data replication systems, work stations and telecommunications equipment, and arrangements for an uninterrupted supply of currency are all measures the Cayman Islands Monetary Authority has taken to

[30] See www.caymannetnews.com, 17 January 2007.

[31] See www.caycompass.com, 26 June 2006.

[32] See www.caycompass.com, 18 January 2007; see also www.gov.ky.

strengthen its preparedness. Since May 2005, two facilities allow both daily automated and manual backup of critical data from the Authority.[33]

VI. Relations with international organizations and partners

61. The Cayman Islands is an associate member of the Caribbean Community. The Territory is a member of the Caribbean Development Bank, the International Olympic Committee, the Universal Postal Union and Interpol and an associate member of the United Nations Educational, Scientific and Cultural Organization.

62. As a Non-Self-Governing Territory of the United Kingdom, the Cayman Islands is associated with, but not a part of, the European Union. The Territory has yet to establish relations with the Economic Partnership Agreement of the European Union, from which it however receives emergency aid.[34]

63. At the Overseas Territories Consultative Council meeting held in London on 21 and 22 November 2006, the United Kingdom and the Overseas Territories represented at the Council, including the Cayman Islands, agreed in principle that the United Nations Convention against Corruption would be extended to the Overseas Territories at the earliest opportunity.[35]

64. The Cayman Islands are expected to be admitted as an associate member of the Caribbean Development and Cooperation Committee of the Economic Commission for Latin America and the Caribbean at its next ministerial session, to be held in January 2008.[36]

VII. Future status of the Territory

A. Position of the territorial Government

65. The resumption of contacts between the Territory and the United Kingdom aimed at modernizing the Constitution is referred to in section II above.

B. Position of the administering Power

66. In a speech delivered on 24 April 2006 while visiting the Turks and Caicos Islands, the Overseas Territories Minister took stock of the relationship between the United Kingdom and the Overseas Territories seven years since the 1999 White Paper (see A/AC.109/1991, annex), and reiterated the approach of the United Kingdom as follows:

> "As the White Paper made clear, the United Kingdom will always be ready to help any territory become independent where this is an option, and if that is the clear and settled will of the people. The United Kingdom has no desire for

[33] Information transmitted by the administering Power, 15 January 2007. Information also available from www.caymanfinances.com, 15 June 2006.

[34] See www.caribbeannetnews.com, 14 November 2006.

[35] See www.fco.gov.uk, 23 November 2006. The British Virgin Islands had already agreed to the arrangement and all the other Territories had signified their agreement in principle.

[36] Also the case of the Turks and Caicos Islands (see E/2000/47).

any territory to remain British against its people's wishes. We have no continuing colonial objectives.

"However, if the people of a territory wish to retain the British link, then the United Kingdom will continue to honour its responsibilities for it. But I am, and I should be, answerable to the United Kingdom Parliament for the territories. As long as the United Kingdom retains those responsibilities, it needs to be in a position where it can discharge them properly. And that means that the United Kingdom needs to retain a sufficient level of powers to do this.

"In this process, the Governor, who also represents the territory to the United Kingdom Government, has a vital role. He or she must ensure, in partnership with the territory Government, that high standards are maintained in key areas such as the public service, the police, the judiciary, finance, aviation and maritime security — indeed security generally — and human rights, in the interests of the peoples of the territory as a whole.

"In this context, it might be helpful if I set out the United Kingdom position on alternative forms of relationship, some of which I know have been discussed here in Turks and Caicos Islands in recent weeks. United Nations General Assembly resolution 1541 (XV) set out some options for the relationship between administering Powers and Territories, including independence, integration and free association. The United Kingdom did not vote in favour of that resolution, and does not regard itself as bound by it. Integration would mean the Turks and Caicos Islands or any of the other territories becoming a full part of the United Kingdom, like the Isle of Wight. It would mean that the people of the territory would have to pay United Kingdom taxes. And United Kingdom policy would apply in areas that have traditionally been the responsibility of the territory Government — for example education and health.

"I do not believe that this is an option that would find favour in the territories. Nor does it in the United Kingdom. The option of free association is also unacceptable. As defined by the United Nations, it would mean the territory drawing up its Constitution free from any outside involvement. The United Kingdom would retain all the responsibilities for the territory, but would not be able to ensure that it had the powers to enable it to fulfil these responsibilities. Ministers answerable to Government in Westminster cannot, and should not, put themselves in that position. So our aim is to work for a relationship with the territory Government which satisfies the needs of both sides."[37]

67. Moreover, in a statement delivered at the meeting of the Special Political and Decolonization Committee (Fourth Committee) on 5 October 2006 during the sixty-first session of the General Assembly, the representative of the United Kingdom stated that the criteria used by the Special Committee of 24 in its deliberation on whether a Non-Self-Governing Territory should be de-listed were outdated and failed to take account of how relations between the United Kingdom and its Overseas Territories had been modernized, in a way that was acceptable to both parties.

[37] The entire speech is available from www.fco.gov.uk.

C. Action taken by the General Assembly

68. On 14 December 2006, the General Assembly adopted resolutions 61/128 A and B by 173 votes to none, with 4 abstentions. Section V of resolution 61/128 B concerns the Cayman Islands.